

Reference: Plenary Meeting (40)

Plenary Briefing

UK Welfare Reform Bill

Briefing

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1. The Motion

NDM4888

Gwenda Thomas (Neath)

To propose that the National Assembly for Wales in accordance with Standing Order 29.6 agrees that in addition to the provisions referred to in motion NDM4713 the further provisions referred to in the Welfare Reform Bill relating to the Social Mobility and Child Poverty Commission, in so far as they fall within the legislative competence of the National Assembly for Wales, should be considered by the UK Parliament.

2. The Welfare Reform Bill

In July 2010 the UK Government published a consultation document *21st Century Welfare (Cm 7913)*. This set out a range of options for reform of the welfare system. At the end of the consultation period, in November 2010, a White Paper *Universal Credit: welfare that works (Cm 7957)* was published, alongside the Government's responses to the consultation (*Consultation responses to 21st Century Welfare (Cm 7971)*). The White Paper sets out the Government's proposals for welfare reform. The [Welfare Reform Bill](#)¹ was introduced in Parliament on 16 February 2011.

The major proposal for reform is the introduction of a new benefit, to be known as **universal credit**, which will replace existing in and out of work benefits. The Bill also makes provision for a new benefit, **personal independence payment**, which will replace the existing disability living allowance.

The main changes being brought forward by the Bill are to:

- introduce **Personal Independence Payments to replace the current Disability Living Allowance**;
- **restrict Housing Benefit entitlement** for social housing tenants whose accommodation is **larger than they need**;
- **up-rate** Local Housing Allowance rates by the **Consumer Price Index**;
- amend the forthcoming statutory **child maintenance scheme**;
- limit the payment of **contributory Employment and Support Allowance to a 12-month period**; and
- **cap the total amount of benefit** that can be claimed.

¹ [Welfare Reform Bill 2012, as amended by HL Grand Committee \[accessed 19 January 2012\]](#)

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Part 1 – Universal credit

This Part of the Bill contains provisions and confers regulation-making powers for an integrated working-age benefit to be called universal credit, which, depending on the claimant's circumstances, will **include a standard allowance (to cover basic living costs) along with additional elements for responsibility for children or young persons, housing costs and other particular needs.**

Universal credit will be paid to people both in and out of work, replacing working tax credit, child tax credit, housing benefit, council tax benefit, IS, income-based JSA and income-related ESA. It will provide support for people between 18 (or younger in specific circumstances) and the age at which the claimant becomes eligible for state pension credit.

The financial support provided by universal credit will be underpinned by responsibilities which claimants may be required to meet. The level of those requirements will depend on the claimant's particular circumstances.



Glossary

JSA – jobseeker's allowance

ESA – employment and support allowance

IS – income support

DWP – Department for Work and Pensions

HMRC – Her Majesty's Revenue and Customs



Part 2 – Working-age benefits

This Part of the Bill makes provision for changes to the responsibilities of claimants of JSA, ESA and IS in the period leading up to the introduction of universal credit and the abolition of income-based JSA, income-related ESA and IS. In particular provision is made for the introduction of a claimant commitment. The claimant commitment will be a record of the requirements claimants are expected to meet in order to receive benefit and the consequences should they fail to do so.

Once the universal credit clauses have come into force, ESA and JSA will continue alongside universal credit as contributory benefits. As well as the changes to be made in the interim period, this Part also introduces longer-term reforms to align ESA and JSA more closely with the provisions for universal credit. *Clauses 49 and 56* insert new sections into the *Jobseekers Act 1995* and the *Welfare Reform Act 2007* which replicate those for universal credit which relate to work-related requirements and sanctions, apart from where small differences are necessary, so that what can be expected of a claimant of contributory JSA or ESA is the same as it would be for a similar claimant of universal credit.

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Part 3 – Other benefits

This Part of the Bill contains changes to a number of other social security benefits. Clauses 33/34 allow for the abolition of benefits including council tax benefit (which is being devolved to local authorities in England and to the Welsh Government.) Discussions are ongoing about what will happen in Wales. The transition will be in April 2013

Part 4 – Personal Independence Payment

In June 2010 the Government announced, as part of the Budget, its intention to reform disability living allowance from 2013-14. Subsequently, in December 2010, a consultation paper *Disability Living Allowance reform (Cm 7984)* was published. The consultation paper sets out the Government's proposals to replace disability living allowance with a personal independence payment. The provisions in Part 4 set out the framework for the new benefit, while the consultation responses will feed into the detailed design of the benefit which will be provided for in secondary legislation.

Part 5 – Social security: general

17. This Part of the Bill contains provisions relating to the administration of social security benefits, including provisions relating to a cap on benefit payments; measures to deal with benefit and tax credit fraud and enabling the Secretary of State to share data with other bodies.

Part 6 – Miscellaneous

18. In January 2011 the Government published a consultation document *Strengthening families, promoting parental responsibility: the future of child maintenance (Cm 7990)*. The document set out the Government's view that parents should be encouraged and supported to make their own arrangements for the maintenance of their children, rather than using the statutory maintenance scheme. This Part of the Bill makes provision to implement those proposals in the consultation document which require primary legislation.

Provision is also made for an amendment to the *Insolvency Act 1986* to put beyond doubt that arrears of child support are excluded from the debts which may be included in an individual voluntary arrangement.

Part 7 – Final

Part 7 contains clauses relating to financial provision, the extent of the Bill, commencement of provisions of the Bill, and the short title.

During the Committee Stage, the Government amended the Bill to provide for the establishment of a **Social Mobility and Child Poverty Commission**.

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Not all the of the UK Government's welfare reforms are being implemented through the Bill. The table below provides clarification:

Subject	Change required	Stage
Mortgage interest	Regulations	The Social Security (Housing Costs) (Standard Interest Rate) Amendment Regulations 2010 in force from 1.10.10
Child Trust Fund /Health in Pregnancy Grant	Act of Parliament	The Savings Accounts and Health in Pregnancy Grant Bill Royal Assent received 16.12.10
Child Benefit	Act of Parliament	Income tax legislation
Housing Benefit	Regulations	SI.No.2835/2010 and SI.No.2836/2010 laid 30.11.10 Coming into force 1.04.11
Employment & Support Allowance	Act of Parliament	Welfare Reform Bill published 17 February 2011
Disability Living Allowance	Act of Parliament	Welfare Reform Bill published 17 February 2011
Tax Credits	Regulations	To be included in uprating legislation 2011 & 2012
Lone Parents		Budget document , 23 March 2011
Universal Credit	Act of Parliament	Welfare Reform Bill published 17 February 2011

Source: [Child Poverty Action Group](#)

3. Territorial Extent

The provisions of the Bill extend to Wales, England and Scotland except:

(a) the following provisions extend to England and Wales, Scotland and Northern Ireland:

- *clause 33* (power to make consequential and supplementary provision: universal credit);
- *clause 34* (abolition of benefits);
- *clause 89* (power to make consequential and supplementary provision: personal independence payment);
- *clause 123(1) to (13)* (tax credits: transfer of functions etc);
- *clause 124(1) to (9)* (information-sharing between Secretary of State and HMRC); and
- *Part 7* (except for the Schedule of repeals); and

(b) amendments and repeals made by this Bill have the same extent as the legislation which is being amended or repealed.

In general, the provisions of the Bill apply to Wales in the same way as they apply to England. The Bill includes provisions allowing the sharing of information between local authorities in Wales (amongst other bodies) relating to welfare services within the legislative competence of the National Assembly for Wales and which therefore require a legislative consent motion in the Assembly.

A [Legislative Consent Motion \(NDM4713\)](#) was [passed by the Assembly](#) to this effect in March 2011.

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There are also provisions which require the consent of Welsh Ministers because they impact on their functions, these measures are:

- changes to Welsh legislation as a result of the introduction of universal credit (*clause 33*);
- amalgamating a separate scheme for people injured as trainees into the main Industrial Injuries Disablement Benefit Scheme (*clause 64*);
- changes to allow localisation of the social fund (*clause 69²*);
- provision relating to the Social Mobility and Child Poverty Commission (*clause 136 and Schedule 13*).

A supplementary Legislative Consent Motion (NDM8757) was laid in the Assembly on 3 January 2012. The UK Government tabled supplementary amendments to the *Welfare Reform Bill* in the House of Commons on 17 May 2011. These amendments amend the *Child Poverty Act 2010* and concern changes to the role and remit of the Child Poverty Commission, which also entail renaming it the “Social Mobility and Child Poverty Commission”.

The relevant provisions contained in the Bill are:

Schedule 13, paragraph 2 (the proposed new section 8B)- This provides that the Commission must publish annual reports setting out its views on the progress made towards the “goals” in section 8B(2) **and the measures taken by the Welsh Ministers in accordance with a Welsh strategy**. Provisions relating to the “goals” of improving social mobility and reducing child poverty are within the legislative competence of the National Assembly for Wales pursuant to Schedule 7, subject 15, in so far as they relate to Wales.

Paragraph 7 of the supplementary Legislative Consent Motion states:

It is understood that the UK Government is considering further amendments to the Bill to be tabled at Lords Report stage. These amendments would remove the requirement for the Commission’s annual report to present views on the progress made towards implementing devolved strategies. Instead the report would be required only to describe the measures taken by the Welsh Ministers, Scottish Ministers and relevant Northern Ireland departments in accordance with their respective strategies.

Schedule 13, paragraph 2 (the proposed new section 8C) – This confers a function on a Minister of the Crown to direct the Commission to carry out any activities relating to the “goals” in section 8B(2).

Schedule 13, paragraph 3 (the proposed new schedule 1) – This substitutes Schedule 1 of the *Child Poverty Act 2010* and (amongst other things) removes the function of consulting the Welsh Ministers when a Minister of the Crown appoints any other members of the Commission. Previously this was a Secretary of State function however there was a duty on the face of the *Child Poverty Act 2010* for the Welsh Ministers to be consulted before appointing any member. A new power is also inserted for a Minister of the Crown to

² **[The Welsh Government is currently consulting on replacing the Community Care Grants and Crisis Loans for living expenses once the funding is devolved to the Welsh Government in April 2013.](#)**

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appoint one of the members as the deputy chair. The power for the Welsh Ministers to appoint a member of the Commission is unaltered.

The National Assembly for Wales has the legislative competence in relation to these provisions as contained in the “Social Welfare” subject (Protection and well-being of children including adoption and fostering. Care of young adults, vulnerable persons and older persons), at subject 15 of Part 1 of Schedule 7 to the *Government of Wales Act 2006*. The proposed clauses seek to make provision “in relation to Wales” for a purpose within section 108(7) and Schedule 7 of the *Government of Wales Act 2006* which falls within the legislative competence of the National Assembly for Wales.

On 12 January 2012 the Children and Young People’s Committee wrote to the Deputy Minister for Children and Social Services asking for clarification in relation to two of the provisions in the Legislative Competence Motion. The Deputy Minister’s response was received on 17 January. The Committee considered the Deputy Minister’s response during its meeting on 18 January.

4. Links

4.1. Key Documents

House of Commons progress of [Welfare Reform Bill](#) including links to debates.

Research Service [Welfare in Wales series of Quick guides](#)

House of Commons Research Paper 11/24 [Welfare Reform Bill: Universal Credit provisions](#)

House of Commons Research Paper 11/23 [Welfare Reform Bill: reform of disability benefits, Housing Benefit, and other measures](#)

[Legislative Consent Motion: Welfare Bill \(NDM4714\) March 2011](#)

[Supplementary Legislative Consent Motion \(NDM8757\) January 2012](#)

[Written Statement, Leighton Andrews AM, Minister for Education and Skills, Welfare Reform, 9 January 2012](#)

4.2. Organisations

Many organisations have been monitoring the progress of the Bill. Links are provided:

[National Housing Federation, Welfare Reform Bill update \(January 2012\)](#)

[Shelter, Briefing: Welfare Reform Bill - Lords Report Stage](#) (December 2011)

[Child Poverty Action Group \(April 2011\)](#)

[Turn2Us Welfare Reform Bill](#)

[Disability Alliance](#)

[Joseph Rowntree Foundation](#)

[Kinship Care Alliance](#)



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4.3. *Articles*

[Guardian Society](#)

[Public Finance magazine, Welfare webpage](#)

[Politics.co.uk, Welfare Reform Bill page](#)

[Neil Hannon \(Director of Policy Exchange think-tank\) *It is right to reform disability allowance, \(and other related articles\)* Telegraph](#) 17 January 2012

[Institute of Economics Affairs, Welfare webpage](#)